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NIE 35-61 ADVCON
5 October 1961

NATIONAL INTELLIGENCE ESTIMATE

THE OUTLOOK FOR ISRAEL

NOTE: This is an advance copy of the conclusions of this estimate as approved by the United States Intelligence Board. The complete text will be circulated within five days of this issuance.

- Political and economic trends
- Nuclear developments
- Military trends
- Foreign affairs

Central Intelligence Agency

Submitted by the

DIRECTOR OF CENTRAL INTELLIGENCE

The following intelligence organizations participated in the preparation of this estimate: The Central Intelligence Agency and the intelligence organizations of the Departments of State, the Army, the Navy, the Air Force, and The Joint Staff.

Concurred in by the

UNITED STATES INTELLIGENCE BOARD

on 5 October 1961. Concurring were the Director of Intelligence and Research, Department of State; the Assistant Chief of Staff for Intelligence, Department of the Army; the Assistant Chief of Naval Operations (Intelligence), Department of the Navy; the Assistant Chief of Staff, Intelligence, USAF; the Director for Intelligence, Joint Staff; the Atomic Energy Commission Representative to the USIB; the Assistant to the Secretary of Defense, Special Operations; and the Director of the National Security Agency. The Assistant Director, Federal Bureau of Investigation, abstained, the subject being outside of his jurisdiction.

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C E N T R A L I N T E L L I G E N C E A G E N C Y

5 October 1961

SUBJECT: NIE 35-61: THE OUTLOOK FOR ISRAEL

THE PROBLEM

To assess the outlook for Israel over the next two or three years.

CONCLUSIONS

1. The recent elections in Israel did not produce any significant change in the political situation. While the socialist Mapai party, dominated by Ben Gurion, lost a few seats in the Parliament, it will remain the key political element over the next few years. We foresee no change in the pattern of its forming coalitions with lesser parties to govern the country. Nor do we foresee any significant diminution of Ben Gurion's power so long as he remains active. His death would precipitate a contest for power in the Mapai

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Party, but we believe the main lines of Israeli domestic and foreign policy would remain essentially unchanged. (Paras. 9-13)

2. Israel's economy continues to grow at an impressive rate, but its substantial adverse trade balance will continue to keep Israel heavily dependent on private and governmental aid from abroad. The sharp diminution of West Germany's reparations and restitution payments over the next few years will probably cause some cutback in investment and development, in spite of Israeli efforts to increase the contributions of world Jewry and to attract foreign industrial investment. (Paras. 15-17)

3. There has been no improvement in Arab-Israeli relations. Sporadic border incidents are likely. Israel's plans to divert substantial amounts of Jordan waters to the Negev and the Israeli nuclear program will continue to cause much apprehension among Arab leaders, and could lead to forceful action. If the breakup of the UAR following the 28 September revolution in Syria does not lead to turmoil on Israel's borders, we foresee no significant immediate impact on Israel. We believe, however, that Israel will be able to maintain its military superiority over its Arab neighbors -- a superiority

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which the Arabs recognize and which inhibits deliberate attack on Israel. Moreover, reluctance to provoke great power reactions inhibits Israel's undertaking preventive war. Primarily for these reasons, we consider the chances of a third round of major hostilities to be less than even. (Paras. 27, 33-35)

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5. Israel's foreign policy will remain based principally on its need for strong support from the West, particularly the US and France. With two and a half million Jews in the USSR and its satellites, Israel will endeavor to keep its relations with the USSR at least correct. It will attempt to preserve good relations with non-Arab Middle Eastern countries, e.g., Turkey and Iran. Israel will pursue an active program of aid to certain African and Asian countries and will seek US cooperation in this field. (Paras. 38-41, 43-44)

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